Declassified and Approved For Release 2012/12/05 : CIA-RDP89T00142R000901360001-0

16 December 1987

STATEMENT OF WILLIAM H. WEBSTER REGARDING THE IRAN-CONTRA MATTER

I have completed my study of a report prepared by a Special Counsel appointed by me to review the role of the Agency and Agency personnel in the Iran-Contra matter. The following is a summary of the Report's conclusions.

1. The Agency's first involvement in the Iranian initiative occurred in the fall of 1985 when the Agency increased intelligence collection on certain Iranian targets at the request of the NSC Staff. This assistance did not violate any statutory provisions or Agency regulations.

2. In November 1985, an Agency proprietary transported HAWK missiles from Israel to Iran. Agency assistance in connection with this flight was in violation of an Agency regulation that requires DCI approval in advance of assistance to the White House staff. Moreover, this assistance should not have been undertaken in the absence of a Presidential Finding.

3. In early December 1985, the Agency made known to the White House its negative views of Manucher Ghorbanifar's reliability and trustworthiness, and questioned the purported existence of a moderate faction in Iran. Ghorbanifar subsequently was polygraphed by the Agency and showed deception to virtually all questions. These results were reported to Oliver North in January 1986.

4. After a Presidential Finding was signed, the Agency provided logistical and other assistance in connection with the transfer of TOW missiles and HAWK missile spare parts to Iran and in connection with a number of meetings between U.S. Government officials and representatives of Iran. This assistance was appropriately authorized by the Finding. The Finding instructed that the Agency not notify Congress of these activities.

5. Agency officers heard references to a possible diversion of funds to the Contras as early as January 1986. These references were thought to be implausible. During the summer of 1986, these officers were also aware of Iranian complaints that they had been overcharged for the missiles. These complaints raised concerns that the Iranians might cancel the operation. In the fall of 1986, further information came to the attention of the officers working on the initiative. This information was brought to the attention of the National Security Advisor. The evidence was not so strong that anyone concluded a diversion had occurred.

6. Two Agency field managers engaged in improper activities between September 1985 and February 1987 in connection with assistance to the Contras. The improper activities included assistance in connection with private benefactor resupply flights, transporting Contra supplies and equipment in Agency helicopters, and other logistical assistance undertaken at a time when such assistance was prohibited by Agency policy

Declassified and Approved For Release 2012/12/05 : CIA-RDP89T00142R000901360001-0

Declassified and Approved For Release 2012/12/05 : CIA-RDP89T00142R000901360001-0

or legal guidance. One Agency field manager authorized his subordinates to engage in these improper activities. The other field manager undertook the activities on his own. There is no evidence in the record, however, that any improper activities were engaged in by the overwhelming majority of Agency employees involved in the Contra program. Moreover, HQS had no knowledge that these activities were taking place.

7. Despite the complexities caused by seven different pieces of legislation dealing with Contra assistance during a five year period, HQS guidance with respect to these statutory restrictions generally was clear and often more conservative than required by the applicable statutes.

8. Two Agency HQS managers testified to Congress in a manner that was not candid or forthcoming with respect to their knowledge of assistance to the Contras.

9. A number of Agency employees were not cooperative with or were not candid in providing information during an Inspector General's investigation of these matters. Moreover, an Agency field manager was not candid with Tower Board investigators.

On the basis of my review, I have taken disciplinary actions against seven Agency employees. One senior Agency Headquarters officer has been demoted and reprimanded for failing to testify candidly when appearing before congressional committees and for conducting covert activities in assistance to the National Security Council staff without appropriate authorizations. One senior Agency Headquarters officer has been reprimanded for failing to testify candidly and for failing adequately to monitor the activities of an Agency field officer who acted contrary to the instructions of the officer. I have provisionally suspended the imposition of demotion for this officer in light of his acknowledging his lack of candor and his otherwise exemplary performance during this period and in subsequent months.

Two senior Agency field officers have been dismissed, effective December 31, 1987, for engaging in improper activities on behalf of the Nicaraguan Resistance. Three other Agency personnel have been reprimanded for failing to cooperate with the IG's investigations of these activities. Two Agency employees were commended for their cooperation and candor in the IG's investigations.

I have initiated actions aimed at strengthening the organizational structure of the Agency. These actions are described in a section of the Report dealing with remedial measures by the Agency taken since the Iran-Contra matter became public.

In particular, steps have been taken to strengthen the function and effectiveness of the Office of the Inspector General (IG). These measures include ensuring that the IG's inspection staff is drawn from a cross-section of people within the Agency. Furthermore, assignment to the IG Staff will become an important career development assignment enroute to more senior positions in the Agency. The size of the IG's investigative staff will be increased, and the training and support provided to that staff will be improved.

Guidelines have been drafted to govern the testimony of future Agency witnesses when appearing before congressional committees, briefing individual congressional members or their staff, or providing written testimony to Congress. The guidelines balance the protection of sources and methods with the need to be candid and complete in all Agency dealings with Congress.

Declassified and Approved For Release 2012/12/05 : CIA-RDP89T00142R000901360001-0

Declassified and Approved For Release 2012/12/05 : CIA-RDP89T00142R000901360001-0

I also have initiated actions to strengthen senior management review of covert activities. The covert action review process will be institutionalized in Agency headquarters regulations. The Agency's senior management must meet to review all proposed Findings and related documents that are to be forwarded to the National Security Council. Senior management also conducts a semi-annual review of each covert action program. Additionally, steps have been taken to strengthen senior management oversight of the use of Agency proprietaries.

Other actions taken include the issuance of guidelines for interagency intelligence production intended to foster an environment for the maximum objectivity of intelligence assessments and to help insulate intelligence analysis from political influence. Additionally, periodic reports of ongoing assistance to the White House will be provided to a senior Agency official to ensure that such requests stay within their approved scope.

The Special Counsel commenced his review September 1, 1987. In compiling the Report, the Special Counsel reviewed the findings of the Tower Commission, the Senate Select Committee on Intelligence, the Congressional Iran-Contra Committees, and relevant reports of the Inspector General. The Special Counsel did not have access to any materials or information developed during the course of the investigation being conducted by Independent Counsel Lawrence Walsh.

The Report of the Special Counsel, which is classified, will be furnished in its entirety to the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence.

This has been a testing chapter in the history of the CIA. A number of people who engaged in activities determined to be improper have been disciplined. On the other hand, I am proud to note that evidence in the record suggests that the overwhelming majority of our employees acted in a professional and competent manner within the policy and legal guidance with which they were provided. I hope that the actions I have announced today will put this chapter behind us, will strengthen us as an organization and, with lessons learned, will enable us to continue to conduct our important mission for the American people.

Declassified and Approved For Release 2012/12/05 : CIA-RDP89T00142R000901360001-0